

SJ-EXHIBIT 3

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION

Page 1 of 17

1. Program Code	2. Cross File	Related Files	3. File No. [REDACTED]	4. G-DEP Identifier
5. By: Michael D. Kupchick, DI At: Pittsburgh DO	<input type="checkbox"/>		6. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
7. <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Requested Action Completed <input type="checkbox"/> Action Requested By:	<input type="checkbox"/>		8. Date Prepared 05-20-2011	
9. Other Officers: DI Vincent Tomei				
10. Report Re: Cyclic Investigation and Case Closing [REDACTED]				

SYNOPSIS

On May 13, 2011, pursuant to the Pittsburgh District Office Cyclic Workplan for FY 2011, Investigators Michael Kupchick and Vincent Tomei conducted an on-site regulatory investigation of HBC SERVICE COMPANY, Inc., located at 601 Meadowland Boulevard, Washington, PA, 15301.

HBC SERVICE COMPANY is registered with DEA as a distributor under DEA# RH0389773 to distribute Schedule III thru V controlled substances. This investigation was initiated on May 13, 2011, and concluded on May 17, 2011, with a meeting with management.

This investigation revealed no discrepancies with respect to security. This audit did reveal minor discrepancies with recordkeeping and the actual count of controlled substances audited. However, the discrepancies were within the acceptable range. Therefore, this case is closed.

11. Distribution: Division	12. Signature (Agent) Michael D. Kupchick, DI	13. Date 06-08-2011
District	14. Approved (Name and Title) /s/ Kurt G Dittmer, GS	15. Date 06-10-2011
Other [REDACTED]		

DEA Form - 6
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 2 of 17		
5. Program Code	6. Date Prepared 05-20-2011	

ENCLOSURES

-
-

1. DEA Form 82, Notice of Inspection
2. DEA Certificate of Registration RH0389773
3. PA Department of Health certificate
4. Ohio State Board of Pharmacy Certificate
5. Letter requesting central record keeping
6. Product List
7. List of Personnel with Access to Controlled Substances
8. ARCOS Printout
9. Computation Chart
10. Closing Inventory
11. Product Inventory 5/13/2011
12. Sales Records
13. Customer List
14. Purchase Records
15. Supplier List
16. Inventory Records
17. Receiving Report
18. HBC Pharmacy Operations and Procedures Manual
19. Floor Plan

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 3 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

DETAILS

1. BASIS OF INVESTIGATION

On May 13, 2011, pursuant to the Pittsburgh District Office Cyclic Workplan for FY 2011, Investigators Michael Kupchick and Vincent Tomei conducted an on-site regulatory investigation of HBC SERVICE COMPANY, Inc., located at 601 Meadowland Boulevard, Washington, PA, 15301.

HBC SERVICE COMPANY is registered with DEA as a distributor under DEA# RH0389773 to distribute Schedule III thru V controlled substances. This investigation was initiated on May 13, 2011, and concluded on May 17, 2011 with a meeting with management.

2. SUBJECT FIRM'S BACKGROUND

HBC (Health and Beauty Care) SERVICE COMPANY, located at 601 Meadowlands Boulevard, Washington, PA, 15301, is a division of GIANT EAGLE, INC., with corporate headquarters at 101 Kappa Drive, Pittsburgh, PA, 15238. The subject firm distributes general merchandise, health and beauty aids, over-the-counter products containing List I chemicals and Scheduled III - V controlled substances to approximately 210 Giant Eagle supermarkets located in Pennsylvania, West Virginia, Ohio, and Maryland.

HBC SERVICE COMPANY, hereinafter referred to as HBC, was approved as a distributor of List I chemicals on August 27, 1997, and was assigned DEA Registration Number 001753HVY. The subject firm was the subject of in-depth cyclic investigations in 2002 [REDACTED], 2004 [REDACTED], and 2008 [REDACTED]. No violations were uncovered during these investigations. HBC was approved as a distributor of controlled substances in October 2009.

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 4 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

HBC is licensed with the Commonwealth of Pennsylvania, Department of Health, as a distributor of prescription medicine, Certificate Number 3000008128. (See attachment)

3. PERSONS INTERVIEWED AND INDIVIDUAL RESPONSIBILITIES

On May 13, 2011, Investigators Kupchick and Tomei presented their credentials and a Notice of Inspection (DEA Form 82) to Walter DURR, Distribution Operations Manager, for the subject firm. The investigators advised DURR of the firm's right to not have an administrative inspection made without an administrative inspection warrant. DURR then read and signed the DEA Form 82, giving his consent for the inspection to proceed. DURR stated that he is responsible for the firm's recordkeeping with respect to List I chemicals.

4. PRINCIPALS OF THE FIRM

Lora Karet, President and Chief Operating Officer
Larry Baldauf, Senior Vice President of Distribution
Robert Schreck, Vice President of Distribution
Walter Durr, Distribution Operations Manager

NADDIS queries on these individuals did not reveal any negative information.

5. SCOPE OF INVESTIGATION

The on-site portion of the investigation commenced on May 13, 2011, and concluded on May 17, 2011, with a meeting with management.

An accountability of zalepon 10mg, temazepam 30mg, butalbital/APAP 50/325, promethazine/codeine 6.25/10, hydrocodone 10/300, hydrocodone 7.5/650 and hydrocodone 7.5/200 was conducted for the period January 1, 2011 (COB), through May 13, 2011 (BOB).

The results of this audit are documented on the attached computation chart. This accountability audit revealed overages with all of the

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. <div style="background-color: black; width: 100px; height: 1.2em; margin: 2px 0;"></div>	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 5 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

controlled substances. After a thorough review and analysis of the required records, it was determined that all of the controlled substances were accounted for. The discrepancies can be attributed to the fact that several databases being used to track inventory and shipments.

Drug Name	Initial Inventory 01/01/2011	Received	Total Accountable For	Closing Inventory 05/13/2011	Sales	Total Accounted For	Diff	%
Zalepon 10mg	11,000	15,600	26,600	7700	19,000	26,700	+100	
Temazepam 30mg	72,400	223,200	295,600	59,100	238,600	297,700	+2100	
Butalbital /Apap 50/325	12,100	7,200	19,300	700	18,700	19,400	+100	
Promethazine /Codeine 6.25/10	273,867	930,864	1,204,731	271,975	933,702	1,205,677	+946	
Hydrocodone /Apap 10/300	0	96,000	96,000	80,000	16,000	96,000	0	0
Hydrocodone /Apap 7.5/650	15,300	24,000	39,300	8,600	31,000	39,600	+300	
Hydrocodone /Apap 7.5/200	8,200	146,400	154,600	23,100	133,100	156,200	+1600	

Biennial Inventory:

A biennial inventory required by Title 21 C.F.R. 1304.11 (c) was not required at this time.

Initial Inventory:

This figure was taken from the firm's daily control substance log sheet for each controlled substance selected for the audit at the close of business January 1, 2011.

Closing Inventory:

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 6 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

On May 13, 2011, DI's Kupchick and Tomei conducted a closing inventory, which was witnessed and DURR.

Receiving Records:

The subject firm's receiving records consist of invoices from the distributors and drug manufacturers from whom they purchase their controlled substances. The information on the invoices contained all information as required by 21 C.F.R. 1304.22.

Sales Records:

The subject firm's sales records consist of invoices indicating the customer's name, DEA Number, invoice date, controlled substance sold, and quantity sold.

Returns to Suppliers of Controlled Substances:

Of the controlled substances selected for the audit, there were no returns to suppliers during the audit period.

6. RECORDKEEPING

Regarding the disposal of controlled substances, DURR stated HBC uses Capital Returns, a reverse distributor, to destroy expired or contaminated controlled substances.

According to DURR, HBC stores all original purchase and sales information at their corporate headquarters (Giant Eagle, Inc.) at 101 Kappa Drive, Pittsburgh, PA 15235. According to DURR, HBC keeps original records at their registered location.

7. ARCOS

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 7 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

CARLSON, the firm's pharmacy manager, informed the investigators that he has submitted ARCOS reports to DEA on a quarterly basis. A query of the ARCOS database shows HBC's most recent report was submitted on 5/31/2011.

8. SECURITY

HBC SERVICE COMPANY is the sole occupant of a 305,000 square foot warehouse (constructed of concrete and steel) located within the Meadowlands Industrial Park, a light industrial park in Washington County. A sign at the entrance to the property identifies the tenant as HBC Service Company - there is nothing that would indicate the presence of List I chemicals or controlled substances. The firm operates five days per week, 24 hours per day. There are approximately 150 warehouse employees working varied hours.

A visual inspection of the facility revealed passive infrared motion detectors and magnetic contact switches (for all exterior doors, including shipping and receiving doors) were strategically located throughout the firm, appearing to provide adequate security coverage. (See attached warehouse floor plan.) Glass break sensors are located in all rooms with exterior windows. Surveillance cameras are positioned to monitor the employee entrance and receiving door 24 hours per day; video footage is stored for a period of 30 days. The exterior of the warehouse is illuminated from dusk to dawn.

All employees are required to use a radio frequency security card to enter and leave the warehouse. Through this device, the subject firm is able to identify the date and time of employee ingress and egress.

The firm's electronic security is monitored by Sonotrol Security Company. DURR advised the investigators that when an alarm sensor is activated in the firm, a signal is transmitted to Sonotrol, who then notifies the South Strabane Township Police Department, located less than five minutes from the firm. After the police department is notified, Sonotrol will call a representative from the subject firm. According to DURR, the firm has not had any break-ins since they were registered by DEA in 1997 to handle List I chemicals. When an alarm is activated, an audible alarm can be heard throughout the warehouse.

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 8 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

DURR stated that, in the event of a power outage, the firm's electronic security is maintained through a battery backup. DURR stated that all warehouse employees are initially hired through Kelly Services, a temporary employment agency. Before an employee is hired, a criminal history background check is conducted. He stated that the firm has a "zero tolerance" policy with respect to employee pilferage, which means that an employee caught stealing merchandise is immediately terminated from employment.

All controlled substances will be stored in a steel cage measuring approximately 30' width x 40' depth x 22' height. The walls and ceiling of the cage, along with cage doors, are constructed of #10 gauge steel fabric. The door to the cage is equipped with a contact switch. The cage is also equipped with four passive infrared motion detectors. All elements of this cage meet the requirements specified in 21 CFR 1301.72(b)(4).

The security cage is located within a large room (hereinafter referred to as pharmacy room) which is attached to HBC's main warehouse. All interior doors and the one exterior door of the pharmacy room are equipped with contact switches. Passive infrared motion detectors are located throughout the pharmacy room providing adequate coverage. Sixteen security cameras are located within this room. Four security cameras monitor the exterior perimeter of this pharmacy room.

All HBC team members with access to the cage or those involved in handling the controlled substances undergo the required background checks associated to the following DEA regulations in 21 CFR Part 1300: 1301.76, 1301.90, 1301.92 and 1301.93.

Access to the pharmacy room itself is limited to HBC team members who have direct day-to-day involvement with any activity necessary to sustain the room. This is done through key fob access. Fobs will be required to enter and exit the room. No other team members can enter the room unless granted access by the pharmacy room coordinators or a member of the HBC management team. Access is granted only for business need, i.e., allowing a team member to haul away and dump a full cardboard bin, and then only after video confirmation of who is attempting to enter. Union team

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 9 of 17		
5. Program Code	6. Date Prepared 05-20-2011	

members with fob access to the room are not permitted to allow anyone to enter this room unaccompanied. Any visitor to the room must be accompanied by a member of the HBC operation's management team. It is possible that team members may have access to the pharmacy room, but will be restricted from the cage or any work process associated with handling controlled substances.

The cage inside the pharmacy room that contains the controlled substances remains locked at all times when not in use. It is permissible for the cage to be unlocked when in use as long as it is being monitored by the coordinator or a member of the management team. If unlocked, only those in compliance with the previously-mentioned DEA regulations are permitted to enter inside. Maintenance personnel are granted access for repair work, as long as they are in compliance with the regulations. Keys to unlock the cage are in possession of the HBC operation's management team only.

Exterior entrance to the pharmacy room is also controlled through fob access through a man door. Access to the exterior door is only granted to the management staff and maintenance personnel. When a carrier arrives for either pick up or delivery, a supervisor must be notified. When the supervisor arrives in the room, he or she must view the three exterior cameras before going outside to lock the vehicle in place. HBC has installed a device on the loading dock which essentially seals the garage door entrance and the back door of the delivery truck. (See attached photo.)

Therefore, when the delivery truck is backed onto the dock and the device is in place, it is impossible to gain access to the pharmacy room from the building's exterior. Once the vehicle is locked in place, the supervisor will fob back inside. The supervisor closes the exterior door before allowing the driver to enter. The supervisor ensures the holding area is secure and then scans the fob to allow the driver into the holding area. (See attached photo.) Once the exterior door is closed behind the driver, the supervisor will release the holding area door to fully allow the driver inside the pharmacy room.

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 10 of 17		
5. Program Code	6. Date Prepared 05-20-2011	

The supervisor will then unlock the padlock that secures the grade-level garage door. If the delivery contains controlled substances, the supervisor unlocks the cage so the product can be taken directly into the protected area. The reconciliation takes place inside the cage by the receiver, but excludes the driver. If the driver arrives for pick up, the supervisor follows the same steps indicated for the receiving process before allowing the driver access inside. Once either process is complete, the supervisor again reviews the video security before going outside to release the truck. If the area is clear, the supervisor goes outside and unlocks the secure gates.

On May 13, 2011, investigators tested all aspects of the firm's electronic security. The security was operational and deemed adequate.

9. RECEIVING

All controlled substances are delivered to the grade-level garage door that leads directly into the pharmacy room at HBC. Each vendor is required to ship product against a Giant Eagle generated purchase order.

Each purchase order shows the "ship to" address as 601A Meadowlands Blvd, Washington, PA. Upon arrival, all controlled pharmaceuticals are immediately taken into the locked controlled cage. The counting of the controlled drugs takes place inside the cage.

HBC personnel notes any discrepancy directly on the bill of lading as it is signed. This includes overages, shortages, and damages.

10. STORAGE

All controlled pharmaceuticals are maintained inside the cage at all times, from receipt through selection. This encompasses all associated tasks - receiving, storage, replenishment, and selection.

11. SELECTION

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 11 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

All selections are performed using Vocollect® directed activity. The Vocollect® system directs users via headset to the location and quantity of each item to select. As the selector is picking, they scan the NDC bar code of the item to ensure the exact item is being selected. This is repeated for all items until all total units are selected. (These tasks are completed one customer at a time.) The controlled substances are placed inside a #12 white paper bag with a pick list attached to the outside of the bag, for ease of customer verification upon delivery. Upon completion of the tasks inside the cage, the tasks are combined with the generic drug tasks and consolidated into the fewest shipping cartons/totes as possible. All totes are sealed, and completed totes are constructed on pallets by geographical destination. The combining of orders also takes place inside the cage.

12. INVENTORY CONTROLS

In addition to the self-scan audit during selection, HBC performs random audits of at least ten percent of the total tasks being completed. After all selections complete, HBC cycle-counts all controlled substances daily as the business is run (currently Sunday through Thursday), and always prior to selecting a new billing cycle. All discrepancies are researched thoroughly in attempt to find the variance. This includes going through the totes of all completed orders (if they have not shipped yet). It also includes searching all trash receptacles and empty boxes before they are disposed. If discrepancies remain, the HBC Pharmacy Merchandising team is notified and cycle-count adjustments are made. The Pharmacy Merchandising group notifies all customers to search for any discrepancy with their inbound order.

13. SHIPPING

All deliveries of pharmacy orders are performed through a dedicated third-party courier service, Prestige Delivery Systems. HBC electronically sends a barcoded file for all pharmacy orders to Prestige after all orders are released. The bar code contains carton ID and customer name and address, and is used by Prestige and HBC for proof of delivery. Prestige

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 12 of 17		
5. Program Code	6. Date Prepared 05-20-2011	

delivers directly to the pharmacy at each location while obtaining customer signature. Each customer verifies seal is intact before signing for the delivery.

If the seal is broken, the customer is required to verify all contents of controlled pharmaceuticals against the accompanying pick list. If the seal is broken and the contents of what is being presented do not match the pick list, the customer must immediately note the exception(s) to Wholesale Customer Service, Pharmacy Customer Service and HBC. The customer must also note if the white bag was sealed (stapled). If the white bag is stapled and was not tampered, an investigation will be launched back at HBC to determine what caused the discrepancy. This investigation will include a review of the self-audit bar code scan file, the video security system and the cycle count results following that day's billing run. If the white bag was tampered with, Giant Eagle Loss Prevention is also notified so they may begin an investigation that may also include the courier service.

As per 21 CFR 1301.74 (e), the firm is responsible for selecting a common or contract carrier which provides adequate security to guard against in-transit losses. The site also addresses the responsibility of the firm, when storing controlled substances in a public warehouse, to select a warehouseman which will provide adequate security to guard against storage losses. As noted below, the firm appears to comply with this site. The firm uses Prestige Delivery Systems, Inc. to ship all controlled substances. According to the website for Prestige Delivery systems (www.prestigedelivery.com), Prestige provides same day and next day delivery and logistics services to clients throughout the northeast and midwest. The website lists 38 warehouses operated by Prestige.

According to DURR, Prestige ships controlled substances for HBC in the following manner: At a pre-determined time (usually at 1 a.m.), a driver from Prestige picks up controlled substances from HBC (in sealed totes) and delivers them to one of five Prestige warehouses:

Pittsburgh, PA: 161 Spring Run Road Ext, Bldg 2, Coraopolis, PA 15108
Meadville, PA: 10921 Murray Rd, Meadville, PA 16335

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 13 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

Cleveland, OH: 9535 Midwest Avenue, #104, Cleveland, OH 44125

Columbus, OH: 4279 Directors Blvd, Groveport, OH 43125

Akron, OH: 4240 Sunnybrooke Rd, Kent, OH 44240

When the orders are delivered to these warehouses, the totes containing the controlled substances are immediately unloaded and placed into a steel cage, which is bolted to the floor and whose ceiling is also constructed of steel fencing. When the totes are segregated by their final destination, the totes are then loaded onto Prestige delivery trucks and delivered, either to the pharmacy or to one of the five warehouses for further segregation. The controlled substances are stored at each warehouse for only one to three hours. Controlled substances are not stored at the warehouse overnight, or when the warehouse is closed. Prestige maintains the proper chain of custody of controlled substances from pickups at HBC to deliveries to pharmacies.

All Prestige warehouses, including their storage cages, are monitored by cameras placed throughout the warehouses. Prestige policy is to weekly audit (random and unannounced) 15 percent of all Prestige drivers. Among other things, this audit consists of ensuring delivery trucks are locked at all times and that drivers are maintaining proper chain of custody of merchandise.

DURR informed DI's Kupchick and Tomei that the following individuals will have access to HBC's storage cage:

Name	Social Security Number	Birthdate
Management		
Kristie Abercrombie-Hilty	[REDACTED]	[REDACTED]
Jeff Biddle	[REDACTED]	[REDACTED]
William Cudlipp	[REDACTED]	[REDACTED]
Walter Durr	[REDACTED]	[REDACTED]
William Hevia	[REDACTED]	[REDACTED]
Steven Post	[REDACTED]	[REDACTED]

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 14 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

Matthew Rogos		
Stephanie Summers		
Anthony Tilford Jr.		
Support		
Justin Baer		
Brian Becquet		
Daniel Bowman		
William Cooper		
Nathan Danforth		
Julie Dean		
Shawna Flynn		
Christy Hart		
Joyce McConn		
Richard Poland III		
Charles Prigg		
John Vinski		
Becky Walton		

DURR also stated that an additional 45 employees have the ability to enter the controlled substance area, if needed. DURR stated that this is based on the employee's union requirements. DURR further stated that any one of these 45 employees may be required to work in the controlled substance area to fill vacancies and emergencies. According to DURR, none of the additional 45 employees have, so far, worked in the controlled substance area.

NADDIS checks on the individuals listed above did not reveal negative information.

14. MEETING WITH MANAGEMENT

On May 17, 2011, Diversion Investigators Kupchick and Tomei traveled to Giant Eagle Corporate Headquarters located in RIDC Park, Pittsburgh, PA, to review records and meet with management to discuss the results of the audit. During this meeting, investigators met with Gregory CARLSON,

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 15 of 17		
5. Program Code	6. Date Prepared 05-20-2011	

Director of Pharmacy Sourcing for HBC. During this meeting, investigators explained to CARLSON the overages, as discovered in the audit. The investigators explained to CARLSON what information they need to successfully conduct an audit. CARLSON stated that HBC will incorporate this required information into their accounting and audit programs, so to provide more accurate accountability.

15. VERIFICATIONS

On June 8, 2011, the Giant Eagle Pharmacy located in Kennedy Township was contacted to verify an order shipped by HBC SERVICE COMPANY, on April 2, 2011. The pharmacist on duty confirmed the purchase of one 100-tablet bottle of temazepam 30mg on that date, received from HBC SERVICE COMPANY.

On June 8, 2011, the Giant Eagle Pharmacy located in Robinson Township was contacted to verify an order shipped by HBC SERVICE COMPANY, on March 31, 2011. The pharmacist on duty confirmed the purchase of one 100-tablet bottle of temazepam 30mg on that date, received from HBC SERVICE COMPANY.

HBC SERVICE COMPANY'S controlled substance purchases were verified via wholesale shipping records and invoices of Mylan and Pfizer for the products selected for this audit. These quantities were also confirmed through DEA's ARCOS reporting system for the accountability period.

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 16 of 17	6. Date Prepared 05-20-2011	
5. Program Code		

INDEXING

1. HBC SERVICE COMPANY [REDACTED]

* Regulatory investigation, no violations.

2. CARLSON, Gregory L [REDACTED]

* No update needed

3. ZELASKI, John [REDACTED]

* No update needed

4. DURR, Walter [REDACTED]

* No update needed

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier
	3. File Title HBC Service Co. - 601A Meadowlands Blvd., Wash., PA 15301	
4. Page 17 of 17		
5. Program Code	6. Date Prepared 05-20-2011	

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.